

Congress of the United States
House of Representatives
Washington, DC 20515-3202

July 27, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
The Capitol
Washington, DC 20515

The Honorable Charles Schumer
Senate Majority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

Dear Congressional Leaders,

The weight and burden placed upon a great many of our constituents by the imbalanced features of the unreasonable \$10,000 cap on the State and Local Tax (SALT) deduction must be addressed by this current Congress. The Tax Cuts and Jobs Act included many provisions that simplified the federal tax code and decreased the overall tax burden for many Americans. However, due to the unfair and counterproductive provision imposing the SALT cap, our constituents have benefited less from the law than individuals and families in other areas of the country because the law did not consider regional differences in income across the United States, and instead it has imposed a *de facto* double tax on hardworking taxpayers in communities across the country.

The initial purpose of the SALT deduction, when it was first implemented more than a century and a half ago, was to prevent imposing federal taxes on top of state and local taxes already paid. Putting the cap in place ensures that taxpayers who reside in already high taxed states, such as New York and California, are effectively taxed on a portion of income that was never available to that taxpayer. Additionally, the cap on the SALT deduction has incentivized taxpayers from high taxed states to flee these areas, costing state and local governments valuable tax revenues. Clearly, the purpose of the full SALT deduction is still apparent, and the incentive provided by the deduction will truly benefit a significant portion of the taxpaying population.

According to 2017 IRS data, the SALT deduction cap disproportionately affects hardworking families in high taxed states:

- The average SALT deduction for families in 4 states (California, Connecticut, New Jersey, New York) was over \$20,000.
- The SALT Deduction is over 7% of Adjusted Gross Income (AGI) for families in California, Connecticut, Maryland, New York, New Jersey, Oregon, and DC.
- Over 40% of filers claimed SALT deductions in Connecticut, New Jersey, Maryland, and DC.
- Just 3 states (California, New York, and New Jersey) combined to pay for over 40% of all SALT deductions nationwide.

Many of our constituents, including teachers, first responders, and members of law enforcement earn incomes that are higher than many with the same jobs in other parts of the country, but these incomes make them middle class in the high cost of living communities we represent. We welcome you, and all our colleagues, to visit our home districts and meet the real people being penalized and financially harmed by the cap.

Anyone who takes us up on the invitation will meet hardworking, middle class Americans who are paying some of the highest property taxes in the country. These are taxpayers who contribute mightily to their communities, are seeking to recover economically from the crushing effects of the pandemic, and yet are still being unfairly burdened by a shortsighted tax policy.

We ask that you consider restoring the balance and fairness of the tax code by repealing the SALT deduction cap. Imposing the cap wasn't fair in 2017, and it is still being proven to be unfair as it financially harms so many in our communities. It is time that we as lawmakers bring common sense and balance back to our tax code.

Thank you for your attention to our urgent request and for your consideration to work toward a solution that will help the many Americans being hurt by the \$10,000 cap on the SALT deduction. We look forward to working with you all as we seek bipartisan solutions to the many challenges that face our nation.

Respectfully,



Andrew R. Garbarino
Member of Congress



Mike Garcia
Member of Congress



Nicole Malliotakis
Member of Congress



Michelle Steel
Member of Congress



Lee Zeldin
Member of Congress



Young Kim
Member of Congress



Jefferson Van Drew
Member of Congress

CC: President Joseph R. Biden, The White House